

# TxDMV Internal Audit Plan for Fiscal Year 2015 P 14-01

Internal Audit Division
July 25, 2014



July 17, 2014

Mr. John H. Walker, III, Chairman **Board of Texas Department of Motor Vehicles** 4000 Jackson Avenue Austin, Texas 78731

Subject: Fiscal Year 2015 Internal Audit Plan (P 14-01)

Dear Chairman Walker:

The Internal Audit Division has finalized the proposed Fiscal Year Internal Audit Plan (audit plan).

The Texas Internal Auditing Act requires that internal audit develop an annual audit plan. The audit plan was provided to the Board's Finance and Audit Committee and to the Texas Department of Motor Vehicles (TxDMV) executive management for their review and comment.

The proposed audit plan includes the following:

- Statutorily required audit projects—including the Fiscal Year 2016 Internal Audit Plan and the Fiscal Year 2014 Annual Internal Audit Report—and other projects identified through a risk assessment.
- One carry-over audit project resulting from unanticipated audit resource shortages during Fiscal Year 2014.
- A project to be determined at the Board or executive management's request.

In addition to the audit plan projects, the Internal Audit Division anticipates other activities, such as coordinating with external auditors and investigating allegations of fraud, waste, and abuse. The Internal Audit Division will also undergo its first peer review, which will evaluate whether the division is in compliance with auditing standards.

If you have any questions or comments, please contact me at (512) 465-4118 or Sandra. Vice@TxDMV.gov.

Respectfully,

Sandra H. Vice, CIA, CGAP, CISA

**Internal Audit Director** 

cc: Ms. Laura Ryan, Vice-Chair

Mr. Raymond Palacios, Jr., Finance and Audit Committee Chair

Mr. Blake Ingram, Finance and Audit Committee Member

Mr. William Marvin Rush, Finance and Audit Committee Member

Mr. Joseph O. Slovacek, Finance and Audit Committee Member

Mr. Robert "Barney" Barnwell, Board Member

Ms. Luanne Caraway, Board Member

Mr. Victor Rodriguez, Board Member

Ms. Whitney Brewster, TxDMV Executive Director

Ms. Shelly Mellott, TxDMV Deputy Executive Director

**TxDMV Division Directors** 

## **TxDMV Internal Audit Plan for Fiscal Year 2015**

Texas Department of Motor Vehicles Fiscal Year 2015 Internal Audit Plan				
Audit Topic	Budget Hours	Comment/Description		
Board and Executive Management Requests for Internal Audit Services	300	Topic to be determined at the discretion of the Board and Executive Management.		
Fiscal Year 2014 Annual Internal Audit Report	50	Texas Internal Auditing Act requirement.		
Fiscal Year 2016 Internal Audit Plan	100	Texas Internal Auditing Act requirement.		
TxDMV Contract Workers	600	Carry-over from Fiscal Year 2014 Audit Plan. To verify that contractors are performing in accordance with contract terms, laws, and policies and procedures. This audit will also provide assurances about the Registration and Titling System Refactoring (RTS) project expenditures because many of the contract workers are assigned to the RTS project.		
Follow up Audit on the Information Security Standards (TAC 202) Gap Assessment	300	To determine the implementation status of recommendations from the Information Security Standards Gap Assessment.		
Vehicle Titles & Registration (VTR) Division Mission	1,000	(1) To review selected VTR processes to identify opportunities for improvement and (2) to determine whether VTR has established effective communications with Tax Assessor-Collectors and other stakeholders to promote accurate and efficient motor vehicle title and registration services.		
Selected Tax Assessor- Collector (TAC) Processes	1,200	(1) To compare selected tax assessor-collectors' processes for the registration and licensing of motor vehicles and collection of special TxDMV fees to determine compliance with TxDMV rules and state law and (2) to identify best practices among TACs (i.e., Gold Standard).		
Texas International Registration Plan (TxIRP)	1,000	To determine whether TxIRP applications are processed in accordance with the International Registration Plan and if TxIRP fees are assessed and collected correctly and timely.		
TOTAL	4,550			

## TxDMV Internal Audit Plan for Fiscal Year 2015 (continued)

Other Audit Topics If Additional Audit Resources are Available				
Audit Topic	Budget Hours	Comment/Description		
Oversize/Overweight (OS/OW) Permit	1,000	To determine if OS/OW permits are issued in compliance with agency rules to protect the traveling public, transported loads, and transportation infrastructure.		
Motor Carrier Credentialing	800	To determine if intrastate and interstate registration certificates are issued in compliance with agency rules and if related fees are assessed and collected correctly and timely.		
Organizational Assignment of Selected Job Classifications	600	To review how selected job classifications (e.g., customer service representatives, administrative assistants, investigators, and attorneys) are assigned throughout TxDMV to identify efficiency opportunities through consolidation.		
Total	2,400			

### Methodology

#### Scope

This Internal Audit Plan covers the period of September 1, 2014 to August 31, 2015. During fiscal year 2014, the Internal Audit Division experienced unanticipated audit resource shortages estimated at 600 hours. As a result, one fiscal year 2014 proposed audit (*An Audit of the Texas Department of Motor Vehicles Contract Workers*) is carried forward.

#### **Risk Assessment**

The audit plan was developed using a risk-based methodology including input from Board members and executive management. Internal Audit also analyzed agency information to rank potential audit topics by risk.

#### **Budgeted Hours**

The Internal Audit Division staff developed an estimate of the number of hours needed to complete each audit project. Internal Audit estimates the total number of available hours for the Fiscal Year 2015 Audit Plan is 4,200 hours, and the proposed audit plan includes 4,550 hours. The estimate of available hours takes into account statutorily required audit work, continuing professional education, other internal audit responsibilities, and current audit resources. Other audit topics totaling 2,400 hours are proposed in the event that additional audit resources become available during the year to perform additional work.

#### **Other Internal Audit Activities**

Other Internal Audit activities anticipated for fiscal year 2015 include:

- The inaugural peer review of the Internal Audit Division.
- Coordination with external auditors and reviewers.
- Investigation of allegations of fraud, waste, and abuse (subject to Internal Audit receiving complaints or the State Auditor's Office referring fraud hotline complaints).